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## CHAPTER 3

## MATERIAL RECEIPT, CUSTODY AND STOWAGE

## 3000 INTRODUCTION

The receipt process involves the identification, stowage, issuance, and recording of NSA and APA material previously requisitioned or purchased and sent to the activity. As an integral part of the supply process, received material must be properly identified, stowed (if stock), issued (if direct turnover), and recorded on the stock records in a timely fashion. Detailed receipt processing information is available in Chapter 4 of reference (a).

## 3100 RECEIPT PROCESSING

1. Although there is a variety of receipt forms, the general pattern for processing a receipt will be:

- a. Determining which type of receipt inspection is required.
- b. Determining if special handling is required.
- c. Annotating the receipt document with the date and quantity received, receipt signatures, and discrepancies noted during receipt.
- d. Forwarding the receipt for posting to the FASTDATA system and the ROLMS database.
- e. The receipt accompanying the material must be used for receipt processing.

2. Stock Material. Receipt processing for stock material is a very basic, but critical, procedure. Improper receipt processing will result in inaccurate stock record validity. The most important aspect of receipt processing is timely completion of the job. Once material is brought aboard the unit/detachment and stowed, it is vital that all paperwork be completed to assure material is properly accounted for. Many stores operations have gotten into serious problems because receipts were allowed to stack-up for a period of time. When this occurs, paperwork can be lost and stock records will not reflect actual on-hand balances. The receiving rule of thumb for stock material is, "If it's stowed today, the receipt is processed today."

3. Direct Turn-Over (DTO) Material. A signed proof of receipt is required for all DTO material. Although adequate receipt staging facilities may not exist, supply personnel must make every effort to

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separate storeroom receipts from DTO receipts so that DTO materials can be picked up and signed for by supply petty officers before being stowed. Receipts must be processed daily to prevent uncontrolled losses.

#### 3101 RECEIPT POSTING

1. Receipts will be posted to the FASTDATA system as soon as possible. It is important to ensure that the actual receipt price is also posted to ensure fiscal accountability. After posting, the receipt document will be stamped or annotated "POSTED" with the date, name, and signature of the person posting the receipt.

2. Stock material receipts must be posted into the ROLMS database in a timely fashion to ensure inventory validity. After posting, the receipt document will be stamped or annotated "POSTED" with the date, name, and signature of the person posting the receipt. Ensure the annotations for FASTDATA and ROLMS posting can be differentiated.

#### 3102 RECEIPT FILES

1. Files are required to be maintained for holding documents that are applicable to prospective material receipts and which, upon receipt of material, are used to facilitate the receiving process. Files are also required for holding such documents subsequent to processing in order to provide a retained record of proofs of receipt and disposition of material.

2. Material Outstanding File (MOF). The material outstanding file contains a copy of all unit-originated procurement documents for material and services not yet received. It also includes, as attachments to individual procurement requests, all related documentation such as follow-ups, supply status, and shipping status, as well as shipping documents that are specifically applicable to a single item.

3. Material Completed File. The material completed file contains a copy of all unit-originated procurement documents that have been removed from the MOF upon receipt of or cancellation of a request for material or services, plus a copy of the applicable receipt document. Such documents will not be filed in the material completed file until receipt procedures prescribed in reference (a) have been completed.

#### 4. Multiple Item Shipping Documents

a. Outstanding File. Shipping memoranda, transportation control movement documents (TCMDs), and other types of shipping papers covering multiple-item shipments that have not been received will be

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maintained in the supply office or main receiving area. Outstanding documents will be filed according to shipment destinations.

b. Completed File. When the multiple item shipment is received, the outstanding documents will be annotated to indicate date of receipt and any discrepancies noted, and then filed in a separate folder marked "completed shipping documents".

5. Miscellaneous Receipt File. The miscellaneous receipt file contains shipping papers and invoices applicable to material consignments not initiated by a unit's procurement document. When such material is received, the related document from the miscellaneous receipt file will be annotated with the receipt date and signed by the responsible material custodian. The document then will be re-filed in the miscellaneous receipt file or in a "completed" file if preferred.

### 3200 REPORTING AND RESOLVING MATERIAL DISCREPANCIES

Material discrepancies are divided into two categories. The first category includes discrepancies, such as overages, shortages, damages, incorrect, or non-receipt of material. These discrepancies are normally attributable to the activity that shipped the material or the transportation system. Reporting and resolving shipping and transportation discrepancies is covered in reference (a). The second category includes material quality discrepancies. In this second category, the material received cannot be used for its intended purpose because it does not meet form, fit, or function requirements. Faulty electron tubes or incorrect valve mounting plates are examples of quality deficiencies. These discrepancies are attributable to the manufacturing or repair activity or, in some cases, incorrect specifications. Quality discrepancy reporting requirements are covered in reference (a). The purpose of discrepancy reporting in either category is to identify, correct, and prevent further discrepancies.

### 3201 SUPPLY DISCREPANCY REPORT (SDR) (Standard Form 364)

1. Shipping and packaging discrepancies will be reported on a Standard Form 364, Supply Discrepancy Report, which will be prepared and maintained per reference (s).

### 3202 REPORTING TRANSPORTATION DISCREPANCIES IN SHIPMENTS

Transportation discrepancies in shipments sent through the Defense Transportation System (DTS) and shipments within CONUS moving by commercial carrier will be reported via the Discrepancy in Shipments Reports System (DISREPS)s. DISREPS are reported on a Standard Form 361. Detailed instructions on DISREPS are contained in reference (j).

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## 3203 REPORTING OF QUALITY DEFICIENT MATERIALS

1. The primary purpose of reporting quality deficient material is to provide feedback to activities responsible for design, development, purchasing, supply, maintenance, and contract administration so the cause of the deficiency can be determined, deficiencies can be corrected, and action initiated to prevent recurrence. NAVICP will monitor all action initiated in response to quality deficient reports and provide disposition instructions to all activities concerned. Quality deficient material will be prepared and distributed in accordance with reference (k).

2. The originating point must decide which product quality deficiency category to assign in accordance with Table 3-1.

Table 3-1. Quality Deficiency Report Categories

Category	Definition
I	A product quality deficiency which may cause death, injury or severe occupational illness; would cause loss or major damage to a weapon system; or directly restricts the combat readiness capabilities of the using organization; or which results in a production line stoppage.
II	A product quality deficiency which does not meet criteria set forth for Category I.

3. Quality Deficiency Report, Standard Form 368. Receipt of quality deficient material will be reported on a Quality Deficiency Report (QDR), Standard Form 368, per reference (k).

4. Category I QDRs must be forwarded within one day after receipt of report. Category II QDRs must be forwarded within five working days after receipt of report. Quality assurance shall:

a. Maintain a log to ensure that each QDR is assigned a unique report control number and to track replies to each QDR.

b. Maintain copies of all QDRs submitted for at least two years from the date of submittal.

c. Respond to all requests from screening action or support points for additional information that may be necessary in the investigation of the QDR.

d. The Supply Department will provide technical supply data if necessary.

5. Message Reports. If the quality-deficient material being reported qualifies for Category I reporting, the initial report will be

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submitted by priority message. See reference (k). Although a message report is submitted, a confirming Standard Form 368 must be prepared and forwarded.

#### 3204 ISSUE ERRORS (CUSTOMER REFUSAL)

Standard Navy material received as a result of an issue error by a local issuing activity can be returned within 60 days of receipt. Direct OPTAR credit can be granted provided the issuing activity has not processed the invoice. Should sufficient copies of the original invoice not be available, prepare a DD Form 1348-1 invoice using the same document number as the original requisition. One copy of the original invoice must accompany the material. Credit for material not issued locally will be handled in accordance with ROD procedures described in reference (a).

#### 3300 MATERIAL CUSTODY

When material is stowed in storerooms or other areas assigned to the Supply Department, the Supply Department Head is responsible for the storage, security, and inventory control of such material. All consumables that cannot be stored in Supply Department spaces will be procured for DTO.

#### 3301 PRIVATE USE OF MATERIAL

No article of public supplies will be appropriated for the private use of any individual except for emergency issues to persons in distress as authorized by the Secretary of the Navy or by order of the senior officer present. All expenditures must be made only on properly prepared issue, transfer, or survey documents. Public property will not be loaned to any state, organization, or individual except by special authority of the United States Congress or the Secretary of the Navy, except when such action is deemed advisable and appropriate due to public urgency or calamity.

#### 3302 SECURITY OF MATERIAL

1. Material in store will be kept under lock and key in all cases except when the material is of such quantity or dimensions as to make storeroom storage impractical. Storeroom spaces will be locked securely when not in use. Personnel in charge of such spaces will be responsible for ensuring that appropriate security is maintained for all stores in their custody. Persons other than the one responsible for stowage spaces and designated assistants will normally not be allowed access to stores. When the spaces are open for use, an authorized person always will be present. Other persons will be

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admitted only when necessary for the stowage, breakout of material, and emergencies.

2. Inspection. Personnel will be allowed access to stowage spaces for purposes of inspection and as directed by the Commanding Officer. Such personnel will not be given the keys for the spaces but will be escorted by responsible personnel as directed by the Supply Department Head.

#### 3400 MATERIAL STOWAGE

1. The criteria and other instructions in this part provide basic guidelines which, if observed with a "common sense" approach, will enable storeroom storekeepers to achieve optimum stowage efficiency. Materials in storerooms and other stowage areas will be arranged to:

- a. Ensure maximum use of available space.
- b. Provide orderly stowage and ready accessibility.
- c. Prevent damage to the ship or personnel injury.
- d. Reduce the possibility of material loss or damage.
- e. Facilitate and ensure issue of the oldest stock first, i.e., by the first-in, first-out (FIFO) method).
- f. Facilitate inventories.

#### 3401 MATERIAL IDENTIFICATION

Material custodians will ensure all items in stowage are legibly marked, tagged, or labeled with an NSN, NICN, or other appropriate identification number. When necessary, technical assistance from other departments will be requested to determine proper identification numbers of unmarked or illegibly marked materials. Items that cannot be identified will be turned-in for disposition.

#### 3402 LOCATOR SYSTEM

The location of each item in stock will be recorded in the related stock record, and the Afloat Locator/Inventory Record, NAVSUP Form 1075, if maintained. Each location will be designated by a five character alphanumeric, e.g., B0168, except when the configuration of the stowage areas or physical characteristics of the material dictate an alternate system.

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3403 SPACE LAYOUT FACTORS. Refer to reference (a).

#### 3404 STOWAGE AIDS

Consistent with the stowage criteria and layout factors in reference (a), storerooms will be outfitted with bins, racks, shelving, lockers, drawer cabinets, deck gratings, battens, and other stowage aids best suited for the types and quantities of materials to be stowed.

#### 3500 SHELF LIFE MATERIAL

1. Consistent with established Department of Defense policy concerning the identification, control, and utilization of shelf-life items, procedures for the proper management of such material are prescribed in reference (a).

2. Stock Records and Inventory Locator Records. To facilitate periodic screening of shelf life items, applicable stock records (and NAVSUP Forms 1075, if maintained) will be annotated or otherwise identified to indicate the proper shelf life code. Shelf life codes currently assigned to applicable NSNs in FEDLOG are listed in reference (a), Appendix 9S.

#### 3. Marking of Stock.

a. Shelf Life Determinable. In accordance with established supply distribution systems procedures, shelf life issued by ashore supply activities or delivered direct by contractors will be marked (on the unit package, exterior container, or material itself) as indicated in Figure 3-1. Type I (non-extendible shelf-life) items are those for which shelf life action code UU is indicated (see reference (a), Appendix 9R). All other shelf life action codes except 00 (non-deteriorate) apply to type II (extendible shelf life) items. Current on-board stocks of shelf life material will be screened and each item will be marked to show the type I or type II shelf life data described herein.

b. Shelf Life Uncertain. Shelf life items that are not marked with any date from which shelf life can be determined and which have an extended cost of \$50 or more will be reported by letter to the cognizant inventory manager, via the type commander, with a request for disposition instructions. For each item, the report will contain the NSN or part number, item description, quantity, unit of issue, unit price, extended unit cost, supply source (if known), estimated date of receipt on board, and all external markings obtainable from each unit package or container.

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<p>TYPE I SHELF-LIFE ITEM DATE(MANUFACTURE/CURE/ASSEMBLY) _____ DATE _____</p> <p>or</p> <p>TYPE II SHELF-LIFE ITEM DATE (MANUFACTURE/CURE/ASSEMBLY) _____ INSPECTION/TEST DATE _____ EXTENDED EXPIRATION TEST DATE _____</p>
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Figure 3-1. Shelf Life Marking

4. Control and Utilization. In addition to the proper identification of shelf life stock in applicable inventory locator records, the following procedures are prescribed for effective control and maximum utilization of shelf life items prior to their expiration dates:

a. Packaging, Preservation, and Stowage. Shelf life material will be inspected upon receipt to ensure that it is packaged and preserved adequately, and will be stowed in spaces that are least likely to cause its deterioration. Stowage will be arranged to facilitate and ensure issue of the oldest stock first, i.e., by the first-in, first-out (FIFO) method based on shelf life expiration rather than date of receipt. To facilitate periodic screening, shelf life items should be consolidated in a readily accessible area whenever possible.

b. Periodic Inspection. Shelf life material will be inspected periodically (as frequently as necessary, according to shelf-life codes) for condition and expiration dates.

c. Expired Type II Shelf Life Items. Expired Type II shelf life items will be restored (when within the unit's capability) in accordance with applicable shelf life action codes in FEDLOG and the cognizant inventory manager's instructions. The expiration dates on the stock labels of restored items will then be extended as appropriate. Expired type II shelf life items which are not within the unit's capability to restore will be turned in to the nearest ashore supply activity.

d. Expired Type I Shelf Life Items. Expired type I shelf life items normally will be disposed of by removal from stock and destruction, unless the expired items can be utilized safely for secondary purposes not requiring material in ready for issue condition.



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e. Inventory Review. The shelf life item inventory will be reviewed systematically in comparison with anticipated requirements to ensure timely turn-in of those items that the unit is unable to restore or to utilize, by or prior to, the material expiration dates. Type I shelf life material will not be turned in to supply activities in the United States, including Hawaii, if the extended cost of the item is less than \$50, or the remaining storage life is less than three months. Type I shelf life material will not be turned in to supply activities in overseas bases if the extended cost of the item is less than \$100 or the remaining storage life is less than six months. Such material will be retained on board and used, if possible, prior to its shelf life expiration date.